



VIA E-MAIL ONLY

October 2, 2020

Stacy Guidry
Section Chief, Health Plan management
628 N. Fourth Street
Baton Rouge, LA 70821-9030

RE: Notice of Action Healthy Blue Louisiana's Improper Steering

Dear Ms. Guidry:

Healthy Blue appreciates the opportunity to respond to the "Notice of Action- Regarding the Payment of Prohibited Fees – Pharmacy Benefit Manager" dated September 14, 2020.

As we reported on the Rx 054 report on 4/28/20, the Transaction/Administrative Fees charged by our Pharmacy Benefit Manager (PBM), were less than the rate in our PBM contract for 2019 and 2020. The Transaction/Administrative Fee with our PBM is \$0.90 for paid retail pharmacy claims; however, the amount charged by our PBM for majority of the claims was \$0.55 and \$2.27 and \$2.24 for a small subset of claims reported on the Rx054 report in April and May. The root cause of this error was identified as an incorrect network attribute in the system used to generate the fee invoicing by our PBM. A thorough review of the network attributes was performed and updates were made to ensure compliance with the contractual arrangement. Additionally, the network attribute is now automated to ensure the correct fees are utilized and this issue does not reoccur. Enhanced monitoring and oversight is also in place to ensure the PBM is billing for the contracted fee of \$0.90 for retail pharmacy claims.

As part of the resolution of this concern, a reconciliation of administrative/transaction fees dating back to January 2020 was completed in June of 2020 and the monthly reconciliation amounts were listed on the June Rx 054 report (attached). For additional reference, attached is the invoice details. Attached are the invoice amounts reflected for each month. This reconciliation included the 139 claims in April and 88 claims in May, which were billed by the PBM with the \$2.27 and \$2.24 fee. Credits of \$186.26 for April and \$120.56 for May were received to recover the amount, which was over-billed by the PBM for these transactions. With the process improvements noted, HBL will continue to monitor and ensure the transaction fees meet all contractual requirements. This will include added transparency for LDH with claim counts and transaction fee amounts reconciled under MCO notes on the Rx054 monthly report. As a result of the reconciliation activity detailed above, the concern expressed in the referenced Notice of Action was fully remediated in June of 2020, and will not reoccur.

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Please let us know if you have any follow up questions.

Thank you for your consideration.

Sincerely,

A handwritten signature in blue ink, appearing to read "Aaron Lambert", is positioned above the printed name.

Aaron A. Lambert
President, Healthy Blue